

Silver ETF, or Silver Exchange-Traded Fund, is a type of exchange-traded fund that invests primarily in physical silver, futures contracts, or silver mining stocks. It provides investors with a way to gain exposure to the silver market without having to physically own or store silver. Silver ETFs are traded on stock exchanges like shares, and their prices fluctuate throughout the trading day. One of the benefits of investing in silver ETFs is that they offer investors a cost-effective way to invest in silver, as they typically have lower expenses compared to actively managed funds.

Silver exchange traded funds (ETFs) have emerged as one of the best performers so far in 2024 gaining by an impressive 19.7% so far in the year. They have gained nearly 21% in the last three months, which is also one of the best among widely traded asset classes. The newest player in the mutual fund (MF) investing scene is the silver exchange-traded fund (ETF). The oldest fund in the group ie. ICICI Prudential Silver ETF and Nippon India Silver ETF was launched only 28 months ago. But they have managed to attract the attention of investors within a short span. They alone have garnered assets under management (AUM) of about ₹5400 crore.

Silver can be considered as an investment vehicle because of its twin facets:

As an Industrial Commodity

- Play on industrial recovery- with heavy usage in portable devices, industrial equipment
- Improving demand outlook on account of higher adoption in new age and green technologies – solar panels, electronic devices, electric vehicles, new age pharmaceutical products, water purification

As a Precious Metal

- Hedge against currency depreciation
- Diversification

Investment Objective: The investment objective of the Scheme is to generate returns that are in line with the performance of physical silver in domestic prices, subject to tracking error. There is no assurance that the investment objective of the Scheme will be realized.

Key Drivers of the Silver Market: Mix of macro- economic and supply demand dynamics affect the price of silver

1. Economic Outlook- Silver has historically worked as an economic hedge. Typically silver outperforms in periods of uncertainty
2. Supply and Demand- Supply and demand is influenced by the industrial manufacturing outlook and investment demand
3. Inflation- The silver price history shows that in times of increasing inflation, the commodity increases in value
4. Interest Rates- Interest rates reductions plays a role in inflation thereby increasing attractiveness of silver while decreasing the attraction of other asset classes

* The above factors are not exhaustive.

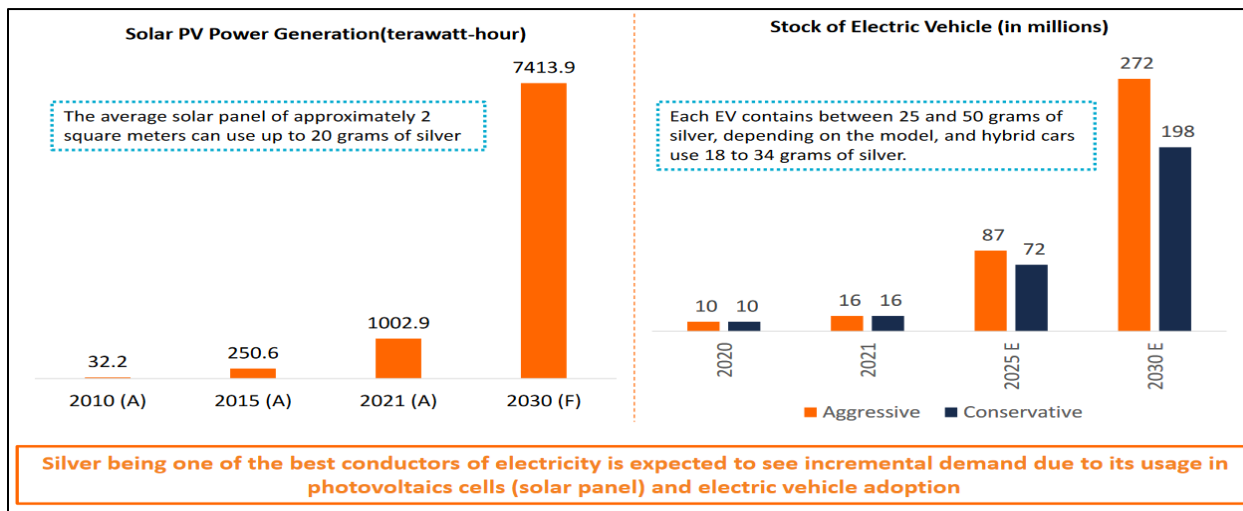
Taxation on Silver ETF: Investments before 1st April 2023 and redeemed between 1st April 2024 and 22nd July 2024 holding period less than 36 months is taxed as per slab rate and LTCG is taxed at 20% with Indexation. Redeemed on or after 23rd July 2024 holding period less than 24 months is taxed as per slab rate and LTCG 12.50%.

Investments after 1st April 2023 and redeemed between 1st April 2024 to 31st March 2025 taxation is as per slab rate. Redeemed on or after 1st April 2025 holding period less than 24 months is taxed as per slab rate and LTCG 12.50%.

Why should silver form part of your portfolio?

- Silver is a versatile commodity used across many industries
- Perennial demand from new age industries and investment needs
- Low correlation with other asset classes
- Natural hedge against inflation
- Considered auspicious in many religions and beliefs

As the demand for renewable energy sources continues to rise, the demand for silver is expected to keep growing, thereby pushing its prices higher.



Performance: 31-07-2024

Scheme Name	Corpus (In crs.)	2 Weeks	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Aditya Birla Sun Life Silver ETF	381.97	-8.99	-5.28	3.42	15.23	10.62	--	--	--
Axis Silver ETF	117.70	-8.98	-4.64	5.12	14.71	10.80	--	--	--
DSP Silver ETF	169.64	-8.90	-5.19	3.49	15.25	11.87	--	--	--
HDFC Silver ETF	246.99	-10.04	-3.76	5.66	15.76	10.81	--	--	--
ICICI Prudential Silver ETF	2,649.22	-8.99	-5.28	3.40	15.21	11.88	--	--	--
Kotak Silver ETF	498.12	-8.97	-5.28	3.38	15.17	11.87	--	--	--
Mirae Asset Silver ETF	63.04	-8.94	-5.25	3.37	15.07	11.83	--	--	--
Nippon India Silver ETF	3,413.06	-8.99	-5.29	3.35	15.10	11.70	--	--	--

* Less than 1 year Absolute returns, Greater than or Equal to 1 year Compound Annualized returns

* Corpus as of July 2024

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